

State Oil and Gas Board  
401 Church Street, 13<sup>th</sup> Floor  
Nashville, Tennessee 37243-0445

**Procedures for Changing Operations On Permitted Oil and Gas Wells in  
Tennessee**

(Revised December, 1999)

The procedure references the following Oil and Gas Forms:

P-AD-3	Application to Change Operators
R-O-1	Organization Report
PA	Pooling Affidavit
SC	Single Cash Bond
DSC	Domestic Gas Well Cash Bond
BC	Blanket Cash Bond
SS	Single Surety Bond
DSS	Domestic Gas Well Surety Bond
BS	Blanket Surety Bond
FCR	Full Cash Reclamation Bond
PCR	Partial Cash Reclamation Bond
FSR	Full Surety Reclamation Bond
PSR	Partial Surety Reclamation Bond
ILC	Irrevocable Standby Letter of Credit Format
CPT	Cash Plugging Bond Transfer Form
SBT	Surety Bond Transfer Form

To start the process of changing operator, the current (old) operator (permittee) should complete Part I and the Old Operator portion of Part III on the back of Form P-AD-3. The new operator should then complete Part II and the New Operator portion of Part III, and should also complete Forms R-O-1 and PA (if the well unit will include more than one lease), and have them notarized. The name of the person signing these forms must appear on Form R-O-1, and the operator name must be exactly the same on all forms relating to the permit. If Form R-O-1 has been previously filed, it is not necessary to submit another, unless there has been a change in the information originally submitted.

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Cash bond forms must be completed and signed if cash plugging and/or reclamation bonds are to be submitted. Surety bond forms must be completed and executed by a corporate surety authorized to do business in Tennessee if surety plugging and/or reclamation bonds are to be submitted, and the forms must then be signed by someone authorized by the operator on Form R-O-1. Bond amounts are \$2,000.00 for single well plugging bonds, \$1,000.00 for domestic gas wells, \$10,000.00 for blanket plugging bonds (covering a maximum of ten (10) wells), and \$1,500.00 per well for reclamation bonds for wells on which the initial reclamation has not yet been accomplished. If regrading and initial revegetation of all disturbed areas except active work areas and access roads has been accomplished, then the reclamation bond amount is \$1,000.00 per well. A deposit in cash, a certified check, a certificate of deposit, or an irrevocable letter of credit will satisfy the requirements for a cash bond (plugging or reclamation), when accompanied by the appropriate cash bond form. If a certificate of deposit (CD) is to be submitted, it must be made out exactly as follows:

**“Operator name and Tennessee Oil and Gas Board or Tennessee Oil and Gas Board.”**

The CD must not contain any terms or conditions which provide that the issuing bank may charge against the deposit any debt of the depositor(s) owing to it. If an irrevocable letter of credit is to be submitted. It must comply with the format shown on Form ILC.

A cash bond transfer form (Form CPT or CRT) must be filed if wells are to be transferred from other bonds to a blanket cash plugging bond or to CDs or letters of credit covering reclamation bonds on more than one well. A surety bond transfer form (FORM SBT) must be filed if wells are to be transferred from other bonds to a blanket surety bond.

Each application to change operators must be accompanied by a fee of \$25.00. A certified check is not required for the application fee.

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Before an Application to Change Operators can be approved, all required well data, reports, and samples must have been submitted to the Oil and Gas Board by the current permittee (old operator), unless the change will be made without the signature of the current permittee (old operator), in which case the following items must be submitted:

1. Copy of the lease and assignments, if any, under which the permit was originally issued, or subsequently transferred, if those documents are available, or;
2. An affidavit from the landowner that no prior oil and gas leases are still active, and;
3. An affidavit from the original landowner that there are no other unexpired oil and gas leases, if the title to the land has changed hands since the Board issued the permit on the land in question, or;
4. If the original landowner cannot be located, an affidavit by the new operator that he has checked the grantor index in the register's office and found no unexplained conveyance of the oil and gas rights by the original landowner.
5. Copy of the lease and assignments, if any, under which the permit will be transferred to the new operator.
6. Copy of a certified letter to the current permittee requesting that an Application to Change Operators (Form P-AD-3) be signed, and no written objection to a change of operators without that signature is submitted to the Oil and Gas Board in writing within ten (10) days of receipt of said letter, the new operator will seek approval from the Oil and Gas Board of that Application to Change Operators without said signature.
7. A copy of a court order relative to the inactive or expired status of any prior oil and gas leases may be submitted in lieu of the items mentioned in parts 2, 3, and 4 above.

If a permit is to be transferred to a landowner for domestic use, that landowner must comply with all rules and regulations pertaining to organization reports, plugging and reclamation bonds, and well spacing.

Any questions about the procedures outlined herein should be directed to Mike Hoyal at (615) 532-0166.

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